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 U. S. DEPARTMENT OF AGRICULTURE

CROPS AND MARKETS

VOLUME 73 FOR RELEASE MONDAY, SEPTEMBER 17, 1956 NUMBER 12

CONTENTS

	PAGE
COTTON	
New American-Type Cotton Futures Contract in Liverpool.....	22
Japan's Cotton Imports and Consumption Above Last Year.....	24
India Increases Domestic Excise Duty on Cotton Cloth.....	26
DAIRY AND POULTRY PRODUCTS	
Milk Price Increases in Brazil.....	5
New Dairy Plant Begins Operations in British Honduras.....	6
New Zealand Successful Bombay Dry Milk Bidder.....	6
Dairy Technical Center Operating in Yugoslavia.....	7
Small Milk Production in Western Samoa.....	7
Increased Milk Demand Seen in Rhodesia.....	7
Further Increases in Ecuadorian Processed Milk Imports.....	8
Chile Removes Milk Price from Government Control.....	8
FATS, OILSEEDS AND OILS	
Argentina's Peanut Harvest a Near-Record High.....	26
Argentina Expects Large Flaxseed Crop.....	26
Brazil's Major Castor-Producing State Reports Output Down.....	27
Record Argentine Tung Oil Output Forecast for 1956-57.....	27
FRUITS, VEGETABLES AND NUTS	
Record Foreign Filbert Crop Indicated.....	16
Larger Apple and Pear Crops Expected in Argentina.....	17
Larger Apple and Smaller Pear Crops Forecast for Italy and France.....	18
Larger Bean Production Indicated in Nicaragua.....	25
Damage to Dry Peas in Europe.....	28
GRAIN, GRAIN PRODUCTS, SEEDS AND FEEDS	
Ceylon's Rice Crop Reduced by Drought.....	11
Grain Stocks for July 1 Set New Record.....	12

(Continued on following page)

UNITED STATES DEPARTMENT OF AGRICULTURE
 FOREIGN AGRICULTURAL SERVICE
 WASHINGTON 25, D. C.

CONTENTS
(Continued from Cover Page)

	Page
LIVESTOCK AND MEAT PRODUCTS	
U.K. Import Requirements for Pork Changed.....	9
Mexico's Imports of Livestock Large but Exports Small.....	10
Spain Imports Livestock from U.K.....	10
Russia Purchases Indian Wool.....	12
 SUGAR AND TROPICAL PRODUCTS	
Venezuela Cane Growers Claim Inadequate Returns.....	20
Sugar Production in the Republic of Philippines About Same as Last Year.....	20
Scarcity of Rain Expected to Limit 1957 Cuban Sugar Crop.....	21
 TOBACCO	
Rhodesian Tobacco Acreage May Decline.....	3
Indonesia Revises New Tobacco Export Production Scheme.....	4
Australian Tobacco Imports at Record High.....	4
Renewed Netherlands-Portugal Trade Agreement Includes Tobacco Products.....	5
New Norwegian-Yugoslav Trade Agreement Includes Tobacco.....	5

FOREIGN CROPS AND MARKETS

Published weekly to assist the foreign marketing of U. S. farm products by keeping the nation's agricultural interests informed of current crop and livestock developments abroad, foreign trends in production, prices, supplies and consumption of farm products, and other factors affecting world agricultural trade. Circulation is free to persons in the U. S.

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RHODESIAN TOBACCO
ACREAGE MAY DECLINE

A brief review of the Rhodesian tobacco situation has appeared in the August Newsletter, prepared and issued by the Federal Information Department, Government of Rhodesia and Nyasaland. The press item is quoted below in full as of possible interest to the United States tobacco industry:

"Although prices for Rhodesian tobacco this season, have been low, the industry is expected to yield £23,333,000 (U.S. \$65.3 million) - a record and more than £ 2,000,000 above last year's figure. The main reason for this season's lower prices is that farmers have not produced enough high grade tobacco. Mr. Evan Campbell, president of the Rhodesia Tobacco Association, said in Salisbury on July 28: 'The crop has been disappointing to all concerned - the farmer, the buyer and commerce. The market is firm, and the pattern of buying is now reasonable. If the quality of the crop had been as good as we expected, prices would have been satisfactory.'

Mr. Campbell warned growers that next season they would have to reduce the quantity and improve the quality of the crop, and aim for a higher yield from a smaller acreage. He said: 'We hope that by the end of the season it will be at least 35d (40.8 U.S. cents) per pound. That would bring in £23,333,000. If the average price is between 35d and 36d per pound, the average farmer will be able to carry on growing next year. Some farmers have brought in good tobacco and have got high prices. Good tobacco has been coming in recently, but we do not know what there is still to come. We hope there is a considerable quantity of good tobacco.' Mr. Campbell said the farmers had done a good job against terrible conditions - shortage of labor and barns, and heavy late rains in March. But in the future, production must not rise too quickly and overtake the demand. The Rhodesia Tobacco Association had surveyed known markets and recommended that growers aim for a target of 150 million pounds next season.

So far, 92 million pounds of the estimated record crop of 160 million pounds have been sold for £13,019,331 - an average of 34.07d (39.7 U.S. cents) per pound. The average price is rising. Last year, 126 million pounds brought in £21,000,000 - an average of 40.35d (47.1 U.S. cents) per pound."

INDONESIA REVISES NEW TOBACCO EXPORT PROMOTION SCHEME

The Indonesian Government has reportedly revised its tobacco export promotion scheme, effective on August 6, 1956. All regulations concerning the granting of an export premium of 10 percent on Vorstenlands cigar leaf, which became effective on May 5, 1956, have been withdrawn. In the place of the former premium, there has now been established the Export Promotion Certificate (Bukti Pendorong Ekspor - BPE). The BPE is quoted in foreign currencies and issued to exporters. The new BPE premium for leaf tobacco is 8 percent and for cut leaf tobacco 10 percent. The amount of the BPE premium is based on the f.o.b. price as stipulated in the foreign exchange contract.

The foreign exchange realized through the BPE certificates may be used for the following:

- (a) Financing the importation of certain commodities which will be determined later by the Minister of Economic Affairs;
- (b) Financing travel abroad (including hotel expenses);
- (c) Additional social transfers, that is, for monetary transfers abroad to pay insurance premiums and the like;
- (d) Other purposes which will be announced at a later date.

The BPE may also be freely sold within a period of 3 months from the date of issuance. The BPE is not to be considered as an import document and for that reason it will not be included in the entrepot costs for the purpose of calculating import duties. The implementation of this "free-selling" of the BPE will be left to the Minister of Finance.

The new export promotion certificates will not be issued for barter and consignment sales. The primary purpose of these new export certificates is to expand leaf tobacco exports.

AUSTRALIAN TOBACCO IMPORTS AT RECORD HIGH

Australian imports of unmanufactured tobacco during the fiscal year July 1955-June 1956 totaled 44.9 million pounds, 1.3 million pounds above the previous fiscal year, and established a new record high. Takings of United States leaf, principally flue-cured, amounted to 30.9 million pounds and were 1.6 million pounds greater than in 1954-55. Consignments from the Federation of Rhodesia and Nyasaland totaled 11.0 million pounds, slightly above the previous fiscal year, while takings from Canada declined about 12 percent from the 1954-55 level of 2.6 million pounds. Australia is only exceeded by the United Kingdom as an importer of unmanufactured tobacco in the Commonwealth. The volume of imports has been rising significantly in recent years.

RENEWED NETHERLANDS-PORTUGAL
TRADE AGREEMENT INCLUDES
TOBACCO PRODUCTS

The Trade Agreement between the Netherlands and Portugal has been extended for another year, according to a recent report. The new agreement is valid from July 1, 1956 to June 30, 1957 and includes 3.0 million Escudos (U.S. \$104,000) worth of Dutch cigars and cut tobacco as one of the items to be imported in exchange for Portuguese goods. Portugal's imports of Dutch cigars and cut tobacco during 1955 amounted to about 6,600 pounds.

NEW NORWEGIAN-YUGOSLAV TRADE
AGREEMENT INCLUDES TOBACCO

A new Trade Agreement has been signed between Norway and Yugoslavia following the conclusion of negotiations held in Belgrade on May 30, 1956. The new agreement became effective July 1, 1956 and replaces the trade agreement of August 30, 1946. The new trade arrangement includes Yugoslav tobacco as one of the items to be exported in exchange for Norwegian goods. Yugoslav tobacco exports to Norway have been nil since 1951.

MILK PRICE INCREASES
IN BRAZIL

A milk strike, started August 10 by Brazilian milk producers in protest against the low milk price, ended recently when the Federal Price and Supply Commission (COFAP) increased the producer price from 3.70 to 4.90 cruzeiros per liter. (Since 1948, the official exchange rate has been 18.82 cruzeiros per U. S. dollar. The free market rate, which is probably more realistic for conversion purposes, is about 76 cruzeiros per U. S. dollar.)

Farmers had requested a price of Cr.\$6.30 per liter and submitted considerable evidence supporting claims of increased production costs, including a Ministry of Agriculture estimate of Cr.\$5.20 as the minimum production cost per liter of milk. In order to fight the strike, COFAP reportedly considered importing large quantities of dried milk. In addition, COFAP tried unsuccessfully to secure stocks of nonfat dry milk solids that had entered Brazil for the school lunch program. The producers are not entirely satisfied with the newly announced price, but are apparently accepting it as the limit to which COFAP will presently move.

Prices to consumers, meanwhile, increased from 16 to 25 percent at the various marketing outlets. For example, Grade C milk, delivered to homes, rose from 7.10 to 8.70 cruzeiros per liter.

NEW DAIRY PLANT BEGINS OPERATIONS IN BRITISH HONDURAS

A Government-aided dairying project has recently been put into operation in British Honduras, and fresh pasteurized milk is now available to the 25,000 people in Belize, the capital city of approximately 75,000 persons. Since many of the people of the urban areas had never previously had anything but imported canned milk, some of the advertisements for the pasteurized milk feature the fact that the product is "cow's milk."

The exact number of cattle in British Honduras is unknown, but it is estimated to be somewhat larger than the 16,000 reported in the 1951 livestock census. However, most of the cattle were, and are, beef stock. Milk production in 1953 was estimated at 6 million pounds, almost all of which was consumed on farms and in rural areas. In 1954, the Government, recognizing that lack of adequate facilities was responsible in part for the lack of milk in urban areas, particularly Belize, gave financial assistance to the establishment of a milk collection center. It also helped in obtaining and installing processing machinery and organizing collection and distribution facilities. The entire year of 1955 was taken up with the establishment of the center. Milk is now collected throughout the accessible parts of British Honduras and brought into the plant, 12 miles outside of Belize, for processing. At the present time, all of the milk is going to fluid consumption, but it is hoped that milk production and collections will allow the processing of cream, butter, and cheese in the near future.

Imports of dairy products by British Honduras continued to show an increase in 1955. Evaporated milk imports were 1.1 million pounds, 2.5 times more than 1954 takings. Condensed milk showed only a slight gain, with imports of 2.2 million pounds compared to 2.1 during 1954. Imports of powdered milk were more than 3 times greater during 1955 than 1954, totaling 380,000 pounds in 1955, compared to 114,000 in the previous year. Butter imports stood at 194,000 pounds for 1955, an increase of 30,000 pounds, while cheese receipts showed an increase of 73,000 pounds to a total of 238,000 pounds in 1955.

NEW ZEALAND SUCCESSFUL BOMBAY DRY MILK BIDDER

The Bombay, India, Milk Commission has announced that New Zealand was the successful bidder on the recent tender for 500 tons of nonfat dry milk. New Zealand bid 13.7 cents a pound for nonfat dry milk to be packed in cases, in tins of 56 pounds.

The nonfat milk is used by the Milk Commission to "tone" high-fat buffalo milk for fluid milk use.

DAIRY TECHNICAL CENTER
OPERATING IN YUGOSLAVIA

A dairy training center, established in Zagreb, Yugoslavia, as a joint undertaking of FAO and the Yugoslav Government, has begun operations. The center is designed to encourage greater production, consumption, and quality processing of milk and milk products in regions where there is now an overall shortage.

Technicians and milk plant managers, as well as those interested in entering dairy work, are invited to study at the center. Latest developments in production, processing and distribution of milk will be studied. Instructions dealing with feeding, breeding, and care of livestock will be given to those interested in these phases. Public health aspects of production and distribution will also be investigated.

Enrollment will be open to interested persons from southeastern European and eastern Mediterranean countries, as well as Yugoslavia.

SMALL MILK PRODUCTION IN WESTERN SAMOA

Milk production in Western Samoa, a United Nations Trust Territory under the administration of New Zealand, was about 425,000 pounds in 1955. This production was obtained from a total of 550 dairy cattle reported on the islands.

The production, most of which was distributed through the Ulololoa Dairy Company, the lone operation on the islands, amounted to about 4.5 pounds per person. Milk has not been a part of the Samoan diet, and there is little interest, therefore, in dairying. Most of the milk is probably consumed by the small European population among the 90,000 persons living in the territory.

INCREASED MILK DEMAND
SEEN IN RHODESIA

The Dairy Marketing Board of Southern Rhodesia forecasts an annual increase in industrial milk demand of 5.2 million pounds during the next 5 years. The purchases by the Board during the current year are estimated at 90.1 million pounds, an increase of almost 10 million pounds over 1955.

In the previous year ending September 1955, the Board purchased approximately 80.5 million pounds of milk, or more than 60 percent of the total production of Southern Rhodesia, which in 1953 was estimated at 122 million pounds. Of the purchases, 76 percent was sold as fluid milk, and the balance was used for cheese and butter manufacture. This represents an increase of 20 percent in fluid sales and a gain of 35 percent in milk going to industrial processing through the Dairy Marketing Board.

FURTHER INCREASES IN ECUADORIAN PROCESSED MILK IMPORTS

In answer to local dairymen's demands for more stringent controls on processed milk imports, the Ecuadorian Government has again increased the import duties on preserved milk products. In March, the duties on all dairy products were increased. (See Foreign Crops and Markets, August 6, 1956.)

Executive Decree No. 1507, which became effective July 30, 1956, raises the tariff on powdered milk and cream from 2.99 cents per pound, plus 3 percent ad valorem, to 8.38 cents per pound, plus 10 percent ad valorem. Condensed and evaporated milk duties have risen from 2.99 cents per pound, plus a 5 percent ad valorem duty, to 8.98 cents per pound, plus 10 percent ad valorem.

The "modified, medicanized, and maternized" milk and cream category remains unchanged at 1.35 cents per pound plus 5 percent ad valorem, but it is now provided that all such imports require a certificate of necessity from the National Sanitation Office.

All milk and cream imports in containers larger than 5 pounds are prohibited.

CHILE REMOVES MILK PRICE FROM GOVERNMENT CONTROL

The Chilean Ministry of Economy issued a decree freeing the price of fluid milk as of September 1. The retail price is expected to climb from the controlled 32 pesos per liter to 50 pesos per liter. Should the price exceed 50 pesos per liter, the Government is expected to impose controls once again. (See Foreign Crops and Markets, August 27, 1956, and February 6, 1956.)

The Chilean milk industry is reportedly conducting a large scale publicity campaign to increase fluid milk consumption.

There is no indication as to whether the milk producers, who are reportedly not satisfied with a recent price increase, will also benefit from the unfreezing of prices.

U.K. IMPORT REQUIREMENTS
FOR PORK CHANGED

The U. K. Board of Trade recently announced new arrangements for importations of bacon, ham and pork beginning October 1, 1956. These arrangements still exclude imports from dollar areas. As previously announced, October 1 is the date when bacon imports revert to private trade channels after having been exclusively carried out by the government since early in World War II.

Imports of bacon (except canned) will be admitted without limitation of quantity under open individual licenses when imported from any country or territory except Albania, Argentina, Bolivia, Bulgaria, Canada, Colombia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, El Salvador, Soviet Germany, Guatemala, Haiti, Republic of Honduras, Hungary, Japan, Korea, Liberia, Mexico, Nicaragua, Panama, Philippines, Poland, Roumania, United States, U.S.S.R. and Venezuela.

Imports of bacon from Hungary and Poland will be made on the basis of trade agreements which have been made with those countries.

Imports of whole hams will be admitted without limitation of quantity under open individual licenses from the Scheduled Territories, Muscat and Oman. The Scheduled Territories refers to the Sterling block and includes the Commonwealth countries (except Canada) the British Trust Territories, Protectorates and Protected States, Iraq, Jordan, the Irish Republic, Iceland, Lybia, and Burma.

No change is to be made in the import arrangements for fresh, chilled and frozen pork from the Scheduled Territories, Muscat and Oman, which will enter under open individual license. At the present time imports of fresh, chilled and frozen pork from some foreign countries are permitted entry under a quota. However, imports are not allowed from any of the list of countries enumerated above (under bacon) nor will such imports be permitted after October 1. Beginning October 1, imports of these products from the permitted foreign countries will come in under open individual licenses. Imports from Argentina will enter under quotas (specific license).

Licenses for bacon, hams and pork will be valid until March 31, 1957.

Certain changes in the open general license procedure for canned, bacon, ham and pork are to be announced at a later date by the Board of Trade.

A 10 percent ad valorem import duty becomes effective on bacon, pork and certain other pork products effective October 1. (See Foreign Crops and Markets, April 2, 1956).

MEXICO'S IMPORTS OF LIVESTOCK LARGE BUT EXPORTS SMALL

The livestock industry of Mexico has received considerable attention and encouragement from State and Federal Governmental agencies in the form of increased credit, greater agricultural extension activities, in imports of breeding stock and establishment of artificial breeding centers. Emphasis is being placed on greater self-sufficiency in meat, wool and animal fats.

During the first half of 1956 Mexico imported 6,600 head of beef cattle for breeding, 5,150 dairy cows and heifers, 30,860 sheep, 15,940 goats and 4,990 hogs. All of the sheep and goats, nearly all the beef cattle and a very large proportion of the hogs originated in the United States. Over 2,420 of the dairy cows and heifers were obtained in the United States and 2,720 in Canada.

Range conditions in Chihuahua and Coahuila were better than average during the first 6 months of 1956 but it was drier than usual in Northern Sonora. Cattle numbers in the Gulf Coast States of Tamaulipas and Veracruz have been increasing rapidly and a continuation of that trend is in prospect.

Exports of cattle to the United States in January-June were reported at only 46,100 head. Exports were permitted under the 1955 quota until May. Since that time a temporary quota has been set but has not been officially announced. The small movement to the United States reflects the low level of cattle production in northern Mexico and the low prices offered by American buyers.

SPAIN IMPORTS LIVESTOCK FROM U.K.

One of the largest consignments of purebred livestock ever shipped from the British Isles moved to Spain in August. It consisted of 397 head of cattle, hogs and sheep and 120 chickens. On arrival in Spain the animals will be distributed to Government farms and tested under local conditions. Breeding stock from the experimental farms, in turn, will be made available to individual farmers. The animals moved by a chartered vessel from London. The livestock had been obtained from England, Scotland and Wales.

The Spanish purchases consisted of 154 head of cattle which was made up of Beef Shorthorn, South Devon, Hereford and Aberdeen-Angus breeds. In addition there were Border Leicester and Lincoln sheep; and 76 hogs of the Large White, Landrace, Wessex Saddleback and Berkshire breeds. The chickens were of the Light Sussex breed.

CEYLON'S RICE CROP
REDUCED BY DROUGHT

Continued scarcity of rainfall in Ceylon has reduced materially the 1956 rice crop in the main producing areas. The first harvest (March) was affected by the failure of the northeast monsoon early in the year. Rather than producing 963 million pounds, the amount originally estimated, only 850 million pounds were harvested from the first crop.

The drought continued during the 6 months in which the second rice crop was planted and harvested (March-August). If rainfall were normal, about 425,000 acres would be harvested from the second acreage planted. However, only 300,000 acres, or possibly 325,000 acres, are reported as being harvested.

So far this year carry-over stocks plus imported rice have been ample for domestic requirements (see Foreign Crops and Markets, September 3, 1956). Stocks at the beginning of 1956 were at an unusually high level due to the record domestic production in the 1955 calendar year. Indications are, however, that year-end stocks this year may be reduced substantially below the December 31, 1955, carry-over and may be about in a normal position.

Rice imports into Ceylon during the January-May 1956 period were about at the same level as in the corresponding months of the year before. Nearly all imports this year have been from Burma and Communist China.

CEYLON: Rice (milled) imports, by country of origin,
January-May 1956, with comparisons

Country of origin	1952	1953	1954	1955	January-May	
					1955	1956
Million pounds						
Burma.....	496	315	374	416	60	202
India.....	1/	1/	2	65	12	1
Indochina.....	51	0	0	0	0	0
Thailand.....	34	0	0	27	27	1/
Pakistan.....	13	0	0	72	41	1/
Communist China.....	80	584	480	269	171	99
Iran.....	1	0	31	0	0	0
United States.....	134	5	0	0	0	0
Other countries.....	85	1/	1/	0	0	0
Total.....	894	904	887	849	311	302

1/ Less than 500,000 pounds.

Ceylon Customs Returns.

May imports of rice totaled 96,255,000 pounds, valued at \$5,358,000, with an average value of \$5.57 per 100 pounds. Imports were from two countries: from Burma, 61,453,000 pounds, valued at \$3,667,000, with an average value of \$5.97 per 100 pounds, and from Communist China, 34,802,000 pounds, valued at \$1,691,183, with an average value of \$4.86 per 100 pounds.

RUSSIA PURCHASES INDIAN WOOL

Russia has purchased about 1.5 million pounds of Indian Wool during June, July and August according to trade sources. At the beginning of the new season buyers were reportedly searching for good types of wool and were prepared to pay higher prices because of an apparent demand from Russia and prospects of a continuation of good demand from the United States. The demand for yellow and gray types has been weak during recent months.

An increasing demand for carpet wools in the United States has again attracted larger imports from the Middle East countries. Russia's entry into the Indian market suggests that some wools which may have been going to that country in recent years are again returning to their traditional market in the United States.

GRAIN STOCKS FOR JULY 1 SET NEW RECORD

Total grain stocks in the 4 principal exporting countries on July 1, 1956 set a new record, according to information available to the Foreign Agricultural Service. A total of 128 million short tons for the United States, Canada, Argentina and Australia exceeded the previous record in 1955 by 9 million tons. The increase was general, total stocks in each of the four countries being somewhat larger than in 1955.

Totals for the four countries are larger for each of the grains, but the bulk of the increase was in coarse grains. The largest quantitative gain was in corn; larger stocks in both the United States and Argentina resulted in an increase of 200 million bushels over the July 1, 1955 stocks, which brings corn stocks to a point more than double the 1945-49 average. Stocks of all grains are also much more than double the 1945-49 average.

A distinction should be noted between grain stocks in the 2 Southern Hemisphere exporting countries and those of the Northern Hemisphere. In the former, these are mid-season supplies, representing grain for export, for domestic use to the end of the current crop season, and carry-over. Thus, stocks of small grains in Argentina and Australia are for use to December 1, and corn to April 1, the beginning of the new season. In contrast, July 1 stocks in Northern Hemisphere countries approximate the year-end carry-over of small grains. Stocks of small grains represent actual carry-over into the new marketing season in the United States, while in Canada the marketing season starts August 1. The marketing season begins October 1 for corn in the United States.

Finding markets for the large surpluses continues a problem. Though some additional demand may be expected from Europe as a result of reduced wheat crops in a number of countries, this would represent only a minor part of the surplus. The outlook for wheat production in the minor exporting countries is varied. The outstanding change is in France where an estimated reduction of about 150 million bushels would take that country out of the export market for the current season. A slight increase is reported for Sweden and for North Africa. Production in Turkey is expected to be slightly below that of 1955.

The largest increase over 1955 stocks was reported in the United States. The record total of 88.5 million short tons is about 70 percent of the total for the four countries. The current total is 4.5 million tons above the large stocks of the past year. Most of the increase is in corn, which at 1,746 million bushels, is 9 percent above the previous July record of 1,601 million bushels last year. More than two-thirds of the total July 1 corn stocks were under loan or owned by the Commodity Credit Corporation.

No significant change in the level of breadgrain stocks is reported. Barley stocks were less than in July 1955 but were still well above average. An unusually large proportion of barley stocks was held in off-farm positions again this year. Stocks of oats were estimated at 347 million bushels, the largest of record and 15 percent above the 1955 carry-over stocks.

Canada's total for the 5 grains covered by this report is estimated at 23 million short tons. That figure is about 10 percent larger than at the beginning of July 1955 but is about 10 percent less than the large stocks in 1954. The increase is divided fairly evenly among wheat, barley and oats. The total supply of these grains will be up sharply this season since the production is considerably larger this year. The increase is especially marked for oats with production of this crop more than 25 percent over the 1955 production. Rye stocks show a slight decline but are still sharply above average. Rye production is somewhat smaller than the 1955 harvest.

No official estimates are made for Argentina's mid-season stocks, but unofficial estimates show a larger supply of grain on hand on July 1 of the current year, mainly because of a substantial increase over the low corn stocks of July 1955. Corn stocks are estimated at 140 million bushels, contrasted with only 85 million last year when the corn out-turn was very small. Supplies of other coarse grains are also larger than those of a year ago. Wheat supplies, however, are considerably smaller as a result of a sharp reduction in the crop harvested in late 1955.

Stocks of all grains in Australia on July 1 were about a million tons above the high level of the past 2 years. The total is 150 percent above the 1945-49 average. Wheat stocks are estimated at 186 million bushels, 26 million above the July 1955 stocks. Barley and oats stocks are also considerably larger.

Grains: Estimated stocks in principal exporting countries,
July 1, 1956 with comparisons

Country and year	Wheat	Rye	Barley	Oats	Corn	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	1,000 short tons
<u>United States</u>						
1945	279	12	95	234	754	35,842
1946	100	2	59	290	529	23,924
1947	84	2	56	274	710	28,184
1948	196	3	52	182	449	22,696
1949	307	8	101	290	1,267	51,974
Average 1945-49	193	5	73	254	742	32,524
1950	425	10	80	211	1,381	56,994
1951	396	5	94	292	1,256	54,116
1952	256	4	73	283	970	41,232
1953	562	6	51	254	1,263	57,680
1954	903	15	71	227	1,407	72,242
1955	1,026	16	131	303	1,601	84,048
1956 2/	1,030	16	115	347	1,746	88,548
<u>Canada</u>						
1945	314	3	44	140	3/	12,940
1946	104	1	41	108	3/	5,968
1947	124	1	40	95	3/	6,323
1948	105	1	42	71	3/	5,393
1949	135	12	40	85	3/	6,791
Average 1945-49	157	4	41	100	3/	7,483
1950	140	7	30	70	3/	6,306
1951	235	6	65	130	3/	10,988
1952	280	10	95	140	3/	13,340
1953	425	18	130	175	3/	19,349
1954	615	23	160	155	3/	25,569
1955	530	21	105	100	3/	20,708
1956 2/	560	18	140	135	3/	22,959
<u>Argentina</u>						
1945	175	8	31	57	155	11,470
1946	115	8	25	35	125	8,334
1947	125	15	40	25	230	11,970
1948	130	10	20	30	225	11,440
1949	125	16	15	50	200	10,958
Average 1945-49	134	11	26	40	187	10,834

1950	100	8	:	12	:	40	:	35	:	5,132
1951	85	15	:	25	:	35	:	90	:	6,650
1952	35	5	:	15	:	25	:	70	:	3,910
1953	160	42	:	35	:	60	:	115	:	10,996
1954	155	11	:	20	:	37	:	145	:	10,090
1955	165	10	:	25	:	25	:	85	:	8,610
1956 2/	110	29	:	45	:	40	:	140	:	9,752
<u>Australia</u>	:	:	:	:	:	:	:	:	:	:
1945	50	3/	:	3	:	6	:	3/	:	1,668
1946	68	3/	:	6	:	15	:	3/	:	2,424
1947	58	3/	:	7	:	10	:	3/	:	2,068
1948	105	3/	:	10	:	25	:	3/	:	3,790
1949	95	3/	:	5	:	10	:	3/	:	3,130
Average 1945-49	75	3/	:	6	:	13	:	3/	:	2,616
1950	120	3/	:	7	:	12	:	3/	:	3,960
1951	100	3/	:	8	:	10	:	3/	:	3,352
1952	80	3/	:	7	:	10	:	3/	:	2,728
1953	95	3/	:	12	:	25	:	3/	:	3,538
1954	155	3/	:	11	:	40	:	3/	:	5,554
1955	160	3/	:	6	:	32	:	3/	:	5,456
1956 2/	186	3/	:	14	:	40	:	3/	:	6,556
<u>Total</u>	:	:	:	:	:	:	:	:	:	:
1945	818	23	:	173	:	437	:	909	:	61,920
1946	387	11	:	131	:	448	:	654	:	40,650
1947	391	18	:	143	:	404	:	940	:	48,545
1948	536	14	:	124	:	308	:	674	:	43,319
1949	662	36	:	161	:	435	:	1,467	:	72,853
Average 1945-49	559	20	:	146	:	407	:	929	:	53,457
1950	785	25	:	129	:	333	:	1,416	:	72,392
1951	816	26	:	192	:	467	:	1,346	:	75,106
1952	651	19	:	190	:	458	:	1,040	:	61,210
1953	1,242	66	:	228	:	514	:	1,378	:	91,563
1954	1,828	49	:	262	:	459	:	1,552	:	113,455
1955	1,881	47	:	267	:	460	:	1,686	:	118,822
1956 2/	1,886	63	:	314	:	562	:	1,886	:	127,815

1/ Canadian oats in bushels of 34 pounds, in other countries bushels of 32 pounds.

2/ Preliminary estimates. 3/ Production small and remaining stocks believed negligible.

Foreign Agricultural Service. Prepared or estimated on the basis of official statistics, reports of United States Foreign Service officers or other information.

RECORD FOREIGN FILBERT
CROP INDICATED

The largest foreign commercial filbert crop on record is indicated by current estimates from abroad. Total foreign and United States production will attain a near record-high level. The United States filbert crop, which usually accounts for only a small proportion of world production, is very short this year. Foreign production is forecast at 168,500 short tons unshelled or nearly 50,000 tons more than in 1955.

FILBERTS, Unshelled: Estimated commercial production
in specified countries, average 1949-53, annual 1953-56

Country	Average 1949-53	1953	1954	1955	Indicated 1956
	- - - Short tons - - -				
Italy.....	32,300	38,000	23,000	50,000	32,500
Spain.....	115,700	22,000	7,300	12,000	16,000
Turkey.....	65,200	51,000	135,000	57,000	120,000
Foreign total.....	113,200	111,000	165,300	119,000	168,500
United States.....	8,360	4,960	8,670	7,710	3,150
Grand Total.....	121,560	115,960	173,970	126,710	171,650

This is the "on-year" for Turkey whose filbert production normally accounts for approximately 55 percent of the world's commercial crop. A 1956 crop of 120,000 tons is estimated, somewhat less than earlier forecast but more than double the 1955 crop of 57,000 tons. Conditions in Turkey have been favorable for an excellent crop, marred only by a rather heavy drop during June and July. Harvesting began in the latter half of August with expectations that the new crop would be on the market by the first week in September.

In Italy, favorable climatic conditions prevailed during the summer months in all important producing areas. Insect damage is reportedly very low and no complaints about the effects of "cimiciato" damage on the new crop have been reported. Last winter's cold may be responsible for the very light incidence of insect attack this year. While the new crop, estimated at 32,500 tons, will be less than last year's bumper harvest of 50,000 tons, it is by no means a small one.

In Spain, as in Italy, filberts escaped the heavy damage suffered by almonds in the freezes this spring. Most Spanish filbert plantings are located in the lower coastal areas where the temperatures were not so severe. An average crop of 16,000 tons is indicated. This is a substantially larger crop than Spain has harvested in the past 2 seasons.

In Turkey, the Union of Filbert Cooperatives has been authorized to pay the equivalent of 23.5¢ per lb. for unshelled filberts. The Union uses a 50 percent shell-out ratio in arriving at a shelled basis price. As of late August, no minimum export price had been announced by the Turkish Government. The 1955-56 season grower export price was equivalent to 23.5¢ per lb. unshelled. The Turkish trade does not expect that filbert merchants will bid much above 23.5¢ because of the large crop and the strict government policy against inflation.

In Italy, spot quotations have ranged between 21 and 22¢ per lb. for unshelled and about 51.5¢ per lb. for shelled Avellino filberts. The most important single factor which pervades the Italian filbert market is the expected impact of the large Turkish crop when sales of the latter begin. Italian sources report that the Turkish Government has a temporary export price of 54.4¢ per lb., shelled. Although this is lower than prices demanded earlier this season by the Turks, some Italian shippers feel that even the new price is unrealistically high in view of the forthcoming world supply situation.

A significant market development in Spain is the recent announcement that the government-sponsored Almond and Filbert Commission was to be dissolved. According to the Spanish announcement there will be no minimum export prices or quotas on almonds or filberts for the 1956-57 season. The primary function of this Commission has been to set export quotas and prices. There are differing opinions as to the effect on the level of Spanish export prices as a result of this action in freeing the trade.

LARGER APPLE AND PEAR CROPS EXPECTED IN ARGENTINA

Reports from the Rio Negro Valley in Argentina indicate that the fruit crop is a month ahead in growth, owing to the mild weather experienced thus far this winter. If no severe frosts occur, trade sources anticipate that this year's harvest will be a bumper one in every respect.

The latest estimates of the Argentine Ministry of Agriculture place last year's apple crop at 14 million boxes, 21 percent below the previous year. This appreciable decline was due to heavy frosts. Pear production in the 1955-56 season reached 5 million boxes, slightly above the previous year's production.

LARGER APPLE AND SMALLER PEAR CROPS
FORECAST FOR ITALY AND FRANCE

ITALY:

Production estimates for 1956, compared with the past 2 seasons are as follows:

Commodity	Crop Year		
	1954	1955	1956 Est.
	- - - - Million bushels - - - -		
Apples.....	39.5	55.5	57.0
Pears.....	15.5	19.4	17.5

Quality of the 1956 apple crop is reported as fair to good. The 1956 increase reflects new trees coming into production. This trend, the result of post-war plantings coming into full production, is expected to continue for the next few years.

The quality of the pear crop is reported as average, although the quality of the crop in the Ferrara area is reportedly below last year. The drop in production occurred principally among the early varieties, such as "Coscia," "Spadoue," and "Giardino."

FRANCE:

Production estimates for 1956, compared with the past 2 seasons, are as follows:

Commodity	Crop Year		
	1954	1955	1956 Est.
	- - - - Million bushels - - - -		
Table apples.....	20.0	20.1	21.0
Table pears.....	6.5	8.6	6.5

Table apple prospects, by varieties and by main areas of production in France are summarized as follows;

Nord: The crop of Lanscaver will be small, that of the Double Belle-Flour average. The fruit is of medium quality and a large percentage of the crop is expected to be used locally.

Ille et Vilaine: The crop is expected to be about normal, or slightly below normal, for Rouget and Piecourt varieties. Quality of the fruit appears satisfactory, but harvesting will start later than usual.

Snrthe: Production of early varieties, such as Groseille and Bonne Motture, is expected to be fairly good, while that of Reine des Reinettes may be irregular. Production of Reinette du Mans is expected to be above normal. Quality of the fruit is generally satisfactory, but some spotty fruit is reported from a few orchards.

Indre-et-Loire: Harvesting of Reine des Reinettes will be late and production about normal. Extensive fruit drop has considerably reduced prospects for Reinettes du Canada, but production of Reinettes du Mans is expected to be well above average. New orchards coming into production are expected to yield appreciable crops of Golden and Red Delicious and other American apples. Hail damage is reported from a number of orchards.

Auvergne: A large crop of Reinettes du Canada is expected, but quality is generally reported to be mediocre and with a fairly high percentage of spotty fruit. Harvesting will not start before October 10 to 15. Production of American varieties continues to increase.

Lyon Area: A good crop is expected but harvesting will start later than usual.

Gard: A large crop of Reinettes du Canada is expected, but fruit may be smaller than usual. A marked increase in the production of American varieties, particularly Golden Delicious, is expected.

Pyrenees Orientales: Prospects for the crop of Reinettes du Canada are fairly good.

Garonne Valley: Appreciable quantities of American varieties are expected from new orchards that are now coming into production.

In the case of pears, early varieties were ready for harvesting at a later date than usual, but the size of the crop is average, as in the case of the William (Bartlett) variety, or above average, as in the case of Docteur Guyot as the result of new orchards coming into production. A large percentage of spotted fruit may reduce marketable quantities of Bartlett.

Although of promising quality, the prospects are for below average crops of the later varieties such as Passe Crassane, Comice and Beurre Hardy.

VENEZUELA CANE GROWERS CLAIM INADEQUATE RETURNS

Cane growers in Venezuela are complaining that the refiners have not been making payment for cane with the result that growers are in a serious condition. The growers, who have been promised 50 percent of the price of sugar realized from their cane, are afraid the refiners may pay them on the basis of the off shore sugar price.

The growers want a representative on the board of directors of Distribuidora Venezolana de Azucares to protect their interests. Particularly they want representation before production quotas. The growers are prepared for quotas in the 1956-57 grind, but want full payment when their cane is delivered and not non-negotiable promises to pay as has evidently been the practice by some centrals this past season.

Distribuidora Venezolana de Azucares has had its life extended for 6 years and, as it has considerable discount privileges, there is no apparent reason why the cane growers have not been paid in full. Probably the answer is inadequate bookkeeping services in some of the centrals.

Beginning with this past grind, cane growers have been credited on the basis of sugar content, an innovation from the days when cane was in short supply and the centrals accepted any broom sticks. No doubt the hundreds of conversions for the many accounts have confused the calculators in the less well organized centrals.

SUGAR PRODUCTION IN THE REPUBLIC OF PHILIPPINES ABOUT SAME AS LAST YEAR

The Philippine Sugar Association preliminary forecast of centrifugal sugar production for 1956-57 is 1,205,197 short tons, raw value, as compared to its final estimate for 1955-56 of 1,217,179 tons. These estimated indicate that the 1956-57 crop is only 1 percent below the 1955-56 crop, although there is a 12 percent drop from the 1954-55 crop of 1,371,684 tons.

SCARCITY OF RAIN EXPECTED TO
LIMIT 1957 CUBAN SUGAR CROP

Due to a continued scarcity of rain in Cuba, extending over a 2 year period, it is doubtful if there is enough sugarcane in the fields to produce a 1957 sugar crop of much more than 5,679,000 short tons. It is becoming more and more apparent that the situation in the 30 or 40 sugar mills, which could not meet their 1956 sugar quota, has worsened, and it is quite likely that an additional number of sugar mills will not be able to meet their sugar quotas in 1957, even on a 5,225,000 short ton crop basis, let alone a 5,679,000 short ton crop which it is now believed the Cuban Government will authorize for 1957.

Quota releases to Cuba by the International Sugar Council the latter part of July and early part of August give Cuba a quota on the world market of 2,853,000 short tons, of which all but 249,000 short tons are reported to have been sold. The world quota of 2,853,000 short tons, together with Cuba's U. S. and local consumption quotas of 2,969,000 short tons and 341,000 short tons, respectively, gives Cuba an over-all marketing quota of 6,163,000 short tons for the calendar year 1956. Since Cuba's total sugar production for 1956 equaled 5,225,000 short tons, current marketings in 1956 are expected to exceed production by a minimum of 938,000 short tons. As the result of increased marketing quotas in 1956 and firm sales commitments thereon, it is expected Cuba's carry-over on December 31, 1956, will be reduced substantially from the 1,786,000 short tons in stock on December 31, 1955.

In view of the above, it now appears obvious that Cuba will not produce hi-test molasses either before or after the 1957 Cuban sugar crop.

After completing the lifting of its 235,643 short tons purchase of Cuban sugar, Russia is reliably reported to be negotiating for an additional 144,000 short tons for delivery between August 1956 and February 1957.

For the first time in history, Cuba has exported yeast for cattle feed. The first shipment was consigned to the United States. The new factory was erected at Cardenas, Cuba, and operates in conjunction with a distillery owned by the Cuban firm Jose Arechabala, S. A.

Attention is called to the sale of sugar by Cuban interests, some with American connections, to German firms which apparently intended to sell to Red China. Due to prompt action of the authorities in the United States, some of the sales have or are being canceled, which it is believed will act somewhat as a deterrent to future sales at local levels.

NEW AMERICAN-TYPE COTTON FUTURES
CONTRACT IN LIVERPOOL

The new American-type cotton futures contract which opened in Liverpool July 16, 1956, represents a departure from the conventional type of futures contract in that it provides an optional base for fulfillment of contract. Traders may tender either American, Mexican, Nigerian, Syrian, or East African cotton, at seller's option, within the allowance limits for grade and staple, and for tender discount or rebate for the different growths as specified in the contract.

The new contract is designed to meet the needs of traders for hedging protection under the greatly changed conditions of present-day cotton marketing, wherein cotton prices are subject to unpredictable change because of government action by the cotton producing countries with respect to support prices, export taxes, or export subsidies.

The base quality of the American-type contract will be determined by the act of tendering. Whichever growth is tendered, a selected standard quality of that growth becomes the base of the contract for the purpose of the transaction concerned. This is expected to ensure that the cotton will change hands at a currently competitive price, since the base quality must always tender at the futures price ("pass price"), and the price of futures will tend to follow that of the competitive growth tenderable.

Adjustments between the different growths will be carried out by Tender Allowances payable either to, or by the seller according to the growth tendered, and fixed for the life of the contract. The unit of trading will be a nominal 50 bales, with allowance for weight-per-bale variation so that actual tenders may vary from 45 to 60 running bales. Trading positions will be the same as those in the American contract. The inclusion of Brazilian and Pakistani cotton may be considered later, once the contract is well established.

The general quality range of the new contract has been raised above that of the American contract and is set in the brackets of Middling to Strict Middling grades, with Strict Low Middling being tenderable in American as the only exception. Off-colored cotton in American and Mexican will be tenderable only if not lower in value than the lowest tenderable white grades. The tenderable range of staple lengths is from 1 inch to 1-1/16 inches, inclusive. Better grades and staples may be tendered but do not qualify for allowances above these limits. A conception of "Good Character" will apply to all growths. Quality ranges applicable to each growth are shown in the table on the opposite page. The differences between the base qualities for the specified growths indicate the extent of the preference for American and Nigerian growths.

UNITED KINGDOM: Cotton quality range applicable to growths tenderable under new American-type futures contract at Liverpool

Growth	Base quality	Low point for		High point for	
		Grade	Staple	Grade	Staple
American.....	Middling 1"	:SLM	:1"	:SM	:1-1/16"
Mexican.....	M 1-1/32"	:M	:1"	:SM	:1-1/16"
Nigerian.....	N.A.1. 1"	:N.A.2.	:1"	:N.A.1.	:1"
Syrian.....	No.1 RG 1-1/32"	:No.2 RG:	1-1/32"	:No.1 RG:	1-1/32"
East African.....	No.2 RG 1-1/16"	:No.3 RG:	1-1/16"	:No.2 RG:	1-1/16"

Grades for United States and Mexican cotton are based on Universal Standards; those for the other 3 growths on Liverpool Standards. For staple lengths, previous practice with other Liverpool futures contracts is continued, and numerical lengths are used representing the Liverpool conception of length as applied to the growth concerned.

American and Nigerian cotton tendered in fulfillment of the contract are to be accepted by the buyer at invoice prices subject to adjustments for grade and staple differences shown above. However, using American Middling 1 inch as the base quality, Tender Allowances irrespective of differences in base quality and of any adjustment for grade and staple have been established for the various growths as follows:

UNITED KINGDOM: Tender Allowances established for growths of cotton tenderable under American-type futures contract at Liverpool

Growth	Tender Allowance
American (M 1").....	:Pass
Mexican (M 1-1/32").....	:2 percent allowance to buyer
Nigerian (N.A.1. 1").....	:Pass
Syrian (No.1. 1-1/32").....	:3 percent allowance to buyer
East African (No.2. 1-1/16").....	:3 percent allowance to seller

Trading in the new mixed-growth contract has been generally satisfactory in the first weeks of operation, with a fair volume of hedging. Prices have fluctuated slightly below those of the American contract.

JAPAN'S COTTON IMPORTS AND CONSUMPTION ABOVE LAST YEAR

Japan's imports of 1,927,000 bales (500 pounds gross) of cotton during August-May 1955-56 represented an 11 percent increase over imports of 1,724,000 bales in the same months of 1954-55. An accompanying increase of 5 percent in cotton consumption was also registered in the current period.

Increased imports into Japan were reported for most of the major cotton exporting countries with the exception of United States and Brazil. The increases in imports from India and Pakistan were particularly sharp. Quantities imported from principal sources during August-May 1955-56, with comparable 1954-55 figures in parentheses were: United States 549,000 bales (663,000); Mexico 445,000 (422,000); India 243,000 (67,000); Pakistan 225,000 (150,000); Brazil 144,000 (219,000); Egypt 83,000 (69,000); El Salvador 65,000 (10,000); Nicaragua 45,000 (13,000); Uganda 26,000 (6,000); and Syria 26,000 (2,000).

Cotton consumption in Japan in August-May 1955-56 amounted to 1,886,000 bales as compared with 1,792,000 in the comparable period of 1954-55. The high levels attained in April and May 1956 (217,000 and 228,000 bales, respectively) which represented the largest monthly cotton utilization during the last 2 seasons, were attributed to the easing of production restrictions in recent months. Further increases are expected to result from the complete lifting of restrictions on July 1, 1956.

Cotton yarn production during June reached a post-war high of 85.6 million pounds (214,000 bales of 400 pounds) of pure cotton yarns and small additional quantities of cotton mixed yarns. The previous peak for cotton yarns was 212,000 bales in December 1953.

Japan's production of pure cotton yarn in January-June 1956 amounted to 470.5 million pounds or 9 percent higher than the production of 431.2 million pounds in the first half of 1955. Production of cotton fabric increased 10 percent in the current period from the 1,424.7 million square yards produced in January-June 1955 to 1,572.9 million in the first half of 1956.

Exports of cotton fabrics amounted to 622.6 million square yards in January-June 1956, an increase of 25 percent over the 497.9 million exported in January-June 1955. Principal destinations of the fabric exports are shown in the table on the opposite page.

JAPAN: Exports of cotton fabrics by destination,
January-June 1955 and 1956

(Millions of square yards)

Destination	:Jan.-June: : 1955 :	Destination	: Jan.-June : 1956
United States.....	44.7	:Hong Kong.....	104.0
Indonesia.....	44.7	:United States:1/	78.8
Australia.....	35.9	:Indonesia.....	77.5
Thailand.....	31.9	:Singapore.....	37.8
United Kingdom.....	30.8	:Australia.....	24.5
Burma.....	30.4	:Burma.....	23.9
British West Africa.....	28.6	:Viet Nam.....	23.2
Singapore.....	26.1	:Ceylon.....	21.3
Iran.....	25.9	:Thailand.....	20.9
Netherlands.....	25.2	:Philippines..	20.7
Other.....	173.7	:Other.....	190.0
Total.....	497.9	Total.....	622.6

1/ Fabric exports to the United States in 1956 to be limited to 150 million square yards, 20 million of print cloth, 5 million of velveteen, and the remainder of gingham and other fabrics.

Japan's stocks of raw cotton on May 31, 1956, were estimated at 466,000 bales as compared with 425,000 bales on August 1, 1956.

LARGER BEAN PRODUCTION
INDICATED IN NICARAGUA

Nicaragua, a sizable importer of United States dry beans in the last 18 months, expects a larger domestic production this year. As there is no crop reporting system in Nicaragua, it is impossible to know the extent of plantings, but a comparison of crop loans shows an increase of 24 percent in the bean acreage under loan this year as compared with last.

Cotton acreage covered by loans is down 9 percent. The rapid expansion of cotton acreage in recent years over acreage formerly used for food crops was one factor contributing to the recent large imports of beans from the United States.

The United States has exported a few beans to Nicaragua in every year since 1935 but until 1955 when 40,000 bags were exported, the annual quantity was usually less than 1,000 bags. In the first 6 months of 1956, 3,200 bags were exported.

INDIA INCREASES DOMESTIC EXCISE
DUTY ON COTTON CLOTH

The Government of India has announced an increase in the domestic excise duties on cotton cloth, effective September 1, 1956, which increases the previous rates by more than 50 percent. Rates applicable to the various qualities of cloth have been increased as follows:

INDIA: Domestic excise duty on cotton cloth

(Equivalent U. S. cents per square yard)

Quality of cloth	: New excise duty, : effective : Sept. 1, 1956	: Previous : excise : duty
Superfine.....	: 5.21	: 3.26
Fine.....	: 3.91	: 2.28
Medium.....	: 2.60	: 1.30
Coarse.....	: 1/ 1.95	: 1.30
<u>1/ No increase in duty on Dhoties and Saris.</u>		

No excise duties are imposed on cloth exported from India. The increase in domestic taxes is expected to bring additional revenue of about \$36,000,000 annually. The new measure was taken to check the recent rise in prices and prevent excessive mill profits, but the textile industry reportedly considers that the sharp increase will restrict consumer purchases and adversely affect mills earning only marginal profits.

ARGENTINA'S PEANUT HARVEST
A NEAR-RECORD HIGH

Argentina's 1955-56 peanut harvest is now estimated at 218,255 short tons. This is two-thirds, or almost 90,000 tons, larger than the 1954-55 crop of 130,000 tons. Furthermore it approximates the record 224,870 tons produced in 1952-53.

ARGENTINA EXPECTS LARGE
FLAXSEED CROP

Argentine plantings of flaxseed for the 1956-57 crop are now estimated officially at 2,965,000 acres. This is an increase of 78 percent from the 1,662,240 acres planted (1,065,000 acres harvested) last year. A crop of at least 25 million bushels normally could be expected from this acreage, compared with the harvest of 9.1 million bushels from the 1955-56 crop.

Prospects of a crop of this volume are reportedly raising the question of possible resumption of exports of flaxseed as seed. It is not yet known what the government's decision is likely to be.

BRAZIL'S MAJOR CASTOR-PRODUCING STATE REPORTS OUTPUT DOWN

Castor bean production in Bahia, Brazil for the crop year January-December 1956 is estimated at 66,000 short tons compared with 72,700 tons in 1955 and 71,700 tons in 1954. In the last 2 years Bahia, the major castor-producing state in Brazil, accounted for 37 percent of the total output.

During July the castor bean market remained steady with prices ranging from U.S. \$150 to U.S. \$160 per metric ton (\$136 to \$145 per short ton), Salvador, Bahia and within this price range American crushers purchased about 1,980 tons. Factories in Sao Paulo accounted for about 770 tons for which they paid Cr. \$10.50 per kilogram c.i.f. Santos. Arrivals from the interior during July amounted to about 2,200 tons on the railways plus an undetermined quantity by trucks.

RECORD ARGENTINE TUNG OIL OUTPUT FORECAST FOR 1956-57

Argentine trade and producer circles agree that a total of 20,000 to 22,000 short tons of tung oil will be produced during the marketing year which began August 1, 1956. This would be equal to or larger than the previous record of 20,000 tons set in 1953-54, and twice as large as the latest estimate of 11,000 tons for 1955-56. The large crop is ascribed to exceptionally favorable weather conditions.

With domestic consumption steady at about 1,000 tons, Argentina's exportable supply of tung oil for the current marketing year can be expected to be about 20,000 tons, assuming no change in stocks, which were estimated at nearly 7,000 tons on August 1, 1956.

Practically all of INGE's stocks of tung oil are believed to have been sold by the Government marketing agency. Thus, tung oil exports are now handled by the private trade. In late August, the "aforo" on tung oil exports - the amount of foreign currency earned from export sales which must be exchanged for pesos at the low official rate - was lowered from the equivalent of \$415 per metric ton to \$316.67. Assuming an export price of \$450 per ton, this represents additional earnings of about 1,350 pesos per ton or 17 percent more than the peso price received under the previous "aforo".

DAMAGE TO DRY
PEAS IN EUROPE

The following is quoted from the British Trades' Journal entitled "Fruit", dated August 18, 1956:

"The pea harvest near Spalding, England has been heavy but on many farms a very large percentage of it has been ruined by continual rains and many hundreds of acres will be useless except perhaps for stock feed."

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